

Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EINV, EAGR, BL

SUBJ: CHARLES STOKES OPIC APPLICATION

(A) LA PAZ 7315; (B) STATE 150343

1. EMBASSY CONTINUES TO BELIEVE THAT OPIC SHOULD NOT RPT NOT
INSURE STOKES' INVESTMENT OF LAND IN BOLIVIA. WE CITE HERE TWO
ADDITIONAL REASONS TO THOSE RECORDED REFTEL (A) AND PREVIOUS:

(1) IT APPEARS FROM OUR RESEARCH THAT DEFINITION OF "LAND"
IN BOLIVIAN LAW INCLUDES IMPROVEMENTS, BUILDING, EQUIPMENT USED
TO WORK LAND, AND AT LEAST CERTAIN TYPES OF ANIMALS FOUND
ON LAND. SEE BOLIVIAN CIVIL CODE SECOND BOOK, TITLE I,
CHAPTER I, ARTICLE 273 WHICH SPECIFICALLY MAKES THIS IDENTIFI-
CATION. THIS DEFINITION IS CONSISTENT WITH GENERALLY ACCEPTED
BOLIVIAN VIEW THAT LAND HAS AN ECONOMIC AND SOCIAL FUNCTION
AND THUS WHICH MAKES LAND AN ECONOMIC UNIT IS PART OF THE
LAND. THUS STOKES' DISTINCTION REFTEL B DOES NOT SEEM VALID
TO US.

(2) DRAFT OF NEW AGRARIAN REFORM LAW PUBLISHED IN JULY AND
NOW UNDER DISCUSSION WITHIN GOVT. HAS PROVISION WHICH BANS
REMITTANCE ABROAD OF EITHER PROFITS FROM LAND OR CAPITAL
PREVIOUSLY INVESTED IN LAND. THUS, ONCE INVESTMENT MADE CAPITAL
COULD NEVER BE REPATRIATED IF LAW ADOPTED. MOREOVER, PREFACE
OF DRAFT STATES PRINCIPAL PURPOSES OF LAW INCLUDE LIMITING
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ACCUMULATION OF LARGE TRACTS IN TROPICAL LOWLANDS AND ENCOURAGING

MOVEMENT OF POPULATION TO LOWLAND AREA. WHILE THESE LATTER GOALS
MAY BE APPROPRIATE BOLIVIAN DEVELOPMENT OBJECTIVES, THEY
INDICATE THAT BOLIVIA'S HISTORY OF LAND CONTROVERSIES WILL
REACH LOWLAND TO AN INCREASING DEGREE, SOONER RATHER THAN LATER.
AG MINISTER NATUSCH BUSCH HAS MADE RECENT REFERENCE TO AGITATION
AMONG CAMPESINOS IN LOWLANDS. STOKES MIGHT MAKE PROFITABLE
INVESTMENT IN BENI BUT EMBASSY DOES NOT BELIEVE OPIC SHOULD
BECOME INVOLVED. (AIRGRAM ANALYSIS OF AGRARIAN REFORM DRAFT
NOW IN PREPARATION.)

2. CONTRARY TO PARA 1 REFTEL EMBOFF DID NOT GIVE STOKES'
LAWYER SUBIETA FAVORABLE REACTION TO POSSIBILITY OF HAVING U.S.
GOVERNMENT CORPORATION INVOLVED IN INSURING MOVABLE INVESTMENT
ON LAND IN BOLIVIA. SUBIETA HAS COME TO EMBASSY SEVERAL
TIMES ALLEGING THAT STOKES HAS DETERMINED HIS OPIC APPLICATION
BEING BLOCKED BY EMBOFFS AND INSISTING THAT EMBASSY GIVE APPLI-
CATION FAVORABLE CONSIDERATION. SUBIETA ASKED ON ONE OCCASION
WHETHER NEW APPLICATION FOR MOVABLE GOODS WOULD BE ACCEPTABLE.
EMBOFF REFUSED TO OFFER JUDGEMENT BUT DID SAY THAT EMBASSY
WOULD LIKELY TO BE ASKED TO COMMENT IF APPLICATION
CHANGED AND WOULD TAKE UNPREJUDICED LOOK AT NEW FACTS.
WE HAVE REVIEWED CHANGES IN STOKES' APPLICATION AND NOW
STRONGLY RECOMMEND INSURANCE NOT RPT NOT BE GRANTED.

3. FYI. JOHN GURR OF OPIC CALLED ECONOFF WHITING JUNE 20. HE
SAID STOKES WILL SOON BE TRAVELING TO CHILE AND EVENTUALLY
LA PAZ. STOKES WILL BE SEEKING INTERVIEW WITH AMBASSADOR
STEDMAN. GURR WAS DEFINITELY UNDER MISTAKEN IMPRESSION THAT
EMBASSY HAD GIVEN SOME SORT OF APPROVAL TO INSURANCE FOR
MOVEABLE IMPROVEMENTS ON LAND STOKES WILL PURCHASE.
STEDMAN

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